GOVERNMENT OF AHNDHRA PRADESH
A B S T R A C T

I&I Department - APGDC - Proposal for approval of the action taken by APGDC in surrendering the authorization of the KSPL to PNGRB by APGDC to avoid huge future liabilities to the APGDC and GoAP - Orders - Issued.

INFRASTRUCTURE & INVESTMENT (Airports) DEPARTMENT

G.O.Ms.No.15.

Dated: 10.11.2023.
Read the following:

1) G.O.Ms.No.2, I&I (Airports) Dept., Dated 28.02.2011.
2) G.O.Ms.No.10, I&I (Airports) Dept., Dated 15.06.2011.
3) Lr.No.PNGRB/Monitoring/2/NGPL-KSPL/(1)/2014-Vol(4), Dt.14.06.2023 of Petroleum and Natural Gas Regulatory Board.
4) From the CEO, GAIL Gas Limited Lr.No.GAILGas/CEO/APGDC/KSPL/2023/2, dated 18.09.2023.
5) Lr.No.PNGRB/Monitoring/2/NGPL-KSPL/(1)/2014-Vol(4), Dt.27.09.2023 of Petroleum and Natural Gas Regulatory Board.
6) Letter dated 07.10.2023 of APGDC to PNGRB along with Board Resolution.
7) From the Managing Director, APGDC Lr.No.APGDC/KSPL-PROJECT/ SURRENDER/2023-24, dated 25.10.2023.

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ORDER:

In the G.Os 1st & 2rd above, orders were issued incorporating a company by name Andhra Pradesh Gas Distribution Corporation (APGDC) Limited to undertake mid-stream activities like laying of Natural Gas pipelines, regional grids, CNG Stations, development of a Regional Gas grid and establishment of a fast track FSRU based LNG re-gasification Terminal at Kakinada, to meet the immediate requirement of gas for the power plants and other industries and domestic Gas supply in Andhra Pradesh. The APGIC and GAIL Gas Limited were originally, the shareholders of APGDC in the ratio of 50% each.

2. The APGDC submitted bid for the Kakinada - Srikakulam Pipeline (KSPL), notified by PNGRB in 2013 and was subsequently authorized by PNGRB in July 2014 to lay, build, operate and expand KSPL via Visakhapatnam & Vizianagaram. The authorized Capacity of the Pipeline is 90 MMSCMD based on the Gas Sources notified by PNGRB in the Bidding Document viz APGDC's proposed FSRU at Kakinada & PLL's (Petronet LNG Limited) and proposed LNG terminal at Gangavaram. Accordingly, APGDC has planned execution of KSPL in two Phases viz Kakinada -Visakhapatnam Section under Phase-1 and Visakhapatnam - Srikakulam along with Spur line to RINL & other Customers under Phase-2 with the Project cost under Phase-1 of Rs.628.17 Crore and under phase-2 of Rs.442.67 Crore (both phases put together total hard cost of Rs.933.80 crores and soft cost of Rs.137.04 crores).

(Contd.....P-2)

3. Due to the initial project take off delays, KSPL could not be completed as per original schedule (i.e. July'17). Accordingly, APGDC approached PNGRB in Jul'17 and followed up PNGRB for schedule extension of KSPL. The PNGRB granted KSPL schedule extension up to Dec'2019 and from time to time, the extension was sought by APGDC and dead line from PNGRB for completion of KSPL in June, 2024. Status of the Project on various timelines till June 2023 as submitted by APGDC is given at **Annexure-1**.

4. Pursuant to the series of Meeting held between Top Management of GAIL(India) Ltd .& Govt.of AP (GoAP) officials for the way forward actions for the KSPL Project, GAIL Gas Vide Letter dated 23.08.2023 has requested to convey agreement of Government of Andhra Pradesh with subject to withdraw of G.O. Ms. No. 10, dated 17.08.2021 and surrender of Phase -2 of KSPL to PNGRB as was agreed between GAIL Gas & GoAP.

5. In the reference 4th read above, the GAIL Gas opined that it is not viable to complete the KSPL Project with existing bidded tariff and the better option is to surrender the authorization of Kakinada - Srikakulam pipeline to PNGRB. Subsequently, in the Progress Review Meeting (PRM) held at PNGRB, Delhi on 21.09.2023, the promoters of APGDC have given consent to surrender Authorization of Kakinada - Srikakulam Pipeline (KSPL) and requested PNGRB to factor in the investment already done by APGDC while conducting the rebidding process for recovering the investment made.

6. Thereafter, PNGRB advised APGDC to submit APGDC Board resolution for cancellation of KSPL Project, to carry out health assessment of lowered Pipeline and to submit Fit for Purpose (FFP) Report duly authenticated by reputed project management consultant within three months and to furnish the details of investment made by Promoters for KSPL including liabilities within 30 days. The PNGRB has further informed that partially done pipeline work is being surrendered by the Agency and they will try to mention in the future bid about the investment made by the APGDC in laying the pipelines and the health assessment of the pipelines laid as assessed by the competent agency, so as to help the APGDC to realize the investments made so far. As requested, the APGDC has submitted the Board resolution pertaining surrender of Authorization of KSPL Project to PNGRB on 07.10.2023.

7. MD, APGDC, while submitting the details to the Government, has sought the approval of the action taken by APGDC in surrendering the authorization of the KSPL to PNGRB to avoid huge future liabilities to the APGDC and GoAP. Finance Department, while concurring the proposal, remarked that the MD, APGDC is advised to ensure that APGDC determine the balance liabilities at the earliest and further, it is important that APGDC recover its investment from the new successful bidder at the current valuation once the incomplete work is tendered out. The APGDC should actively pursue the matter with PNGRB and have this requirement incorporated into the work authorization surrender document and also the fresh bid and contract documents initiated by PNGRB for KSPL. In other words, the Project should be bid out only with the sunk investment incorporated into determination of the tariffs.

(Contd....P-3)

8. Government after careful examination, hereby approved the action taken by APGDC in surrendering the authorization of the KSPL to PNGRB to avoid huge future liabilities to the APGDC and GoAP and directed the APGDC to ensure that APGDC recover its investment from the new successful bidder at the current valuation, duly complying all the requirements of PNGRB and duly following with PNGRB in this regard.

9. The Managing Director, APGDC shall take necessary action accordingly.

10. This order issued with the concurrence of Finance Department vide their U.O No.U.O.No.FIN01-FMU0ASD(IIE)/52/2021-FMU-IIEIC, (Computer No.1473953), dated 01.11.2023

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ,
SPECIAL CHIEF SECRETARY TO GOVERNMENT(FAC)

To
The Managing Director, APGDC, Kakinada.
The Managing Director, APGIC, Kakinada
The Chairman, GAIL (Gas) Ltd., New Delhi
The Chairman, Petroleum and Natural Gas Regulatory Board, New Delhi.
Copy to
The Finance **(FMU-I&I, Energy and I&C)** Dept.,
The GA (Cabinet) Dept.,
The P.S. to Special Chief Secretary to Hon'ble CM.
The P.S to Hon'ble Minister for I&I
The P.S. to C.S to Govt.,
The P.S. to Spl. C.S to Govt., I&I Department.
(C.No.INI01-APGD/7/2020-Airports, Comp.No.1266510)

//Forwarded :: By Order//

C. Kalyani

SECTION OFFICER

ANNEXURE TO GO MS NO.15, I&I Dept. dated 10.11.2023

Status of the Works of KSPL at various timelines as given by APGDC

A. Status of Works done by end of 2018:

a. Kakinada – Srikakulam Section:

1. Publication of 3 (i) notification is completed for 143.53 Kms out of 162 Kms.
2. Publication of 6 (i) notification is completed for 84.1 Kms out of 162 Kms.
3. Award of following works contract and supply of materials contracts are awarded:

S. No	Work/ Material	Contractor/ Vendor	Date of LOA	Award Value
1	PMC	MECON Ltd	08.05.2015	9.95 Crs
2	Route Survey	Ashoka Enterprises	24.10.2015	53.89 lacs
3	EPC – Pipeline Laying including Line Pipe Supply for Section-1	MEIL	17.03.2018	169.27 Crs
4	EPC – Pipeline Laying including Line Pipe Supply for Section-2	KPTL	11.07.2018	151.33 Crs
5	Scrapper Traps	Veekay Vikram&Co .LLP Multitex Filtration Engineering Ltd	22.07.2017	99.42 Lacs
6	Insulating Joints	Advance Electronics Systems	22.07.2017	20.41 lacs
7	Flow Tees	Multitex Filtration Engineering Ltd	22.07.2017	27.47 lacs
8	Assorted Valves	Flow Serve India Controls Pvt.Ltd., Kanchipuram Micro Finish Valves Micon Valves (India) Pvt Ltd., Mumbai Oswal Industries ltd., Kalol	12.06.2018	4.96 Crs.
9	Metering Skids	Elster Instromet India Pvt Ltd Emerson Process Management Chennai Pvt ltd Nirmals Industrial Controls Pvt Ltd	17.08.2018	13.41 Crs.

b. ***For Visakhapatnam – Srikakulam Section of 95 Kms, detailed Route Survey is completed.***

B. Status of project as on March' 2020:

a. KSPL (Phase-1) i.e. Kakinada – Visakhapatnam Section (169Kms):

- All Supply / Work Packages awarded.

- Material delivery status:

Material	% Delivery at Site
Line Pipes	85% (145 Km out of 169 Km)
Metering Skids	100%
Assorted Valves	100%
Scraper Traps	100%
Insulating Joints	100%
Flow Tees	100%

- Pipeline Construction status:

Activity	Progress
RoU opening	93 Km
RoU grading	83 Km
Line Pipe Stringing	80 Km
Welding	80 Km
Trenching	75 Km
Lowering	75 Km

- Pipeline Station & Terminal Works: ~25% of Civil Works completed.
- Construction Works were stand still since Mar'20, mainly due to funding issues / APGDC restructuring proposals under discussion of Promoters.

b. KSPL (Phase-2) i.e. Visakhapatnam – Srikakulam Section (102 Km):

- Detailed Route Survey completed.
- RoU Acquisition (102 Km): 3(1) published. 6(1) published for 92 Km. In balance 10 Km, re- alignment being worked out due to housing development.
- Land (4 Plots): GoAP assured allotment of Government Land.
- Crossing Permissions (148 Nos.): Applications submitted. Joint Survey in progress.
- PMC engaged. Design & Engineering and EPC Tender floated and expect for award by March end.

c. Status of project as on March' 2020

- APGDC Board in its ***65th Board Meeting dated 28.12.2022*** approved Execution methodology for KSPL Phase -2 as mentioned below:

Consultancy	Project Management Consultancy ***(Mecon Limited has been engaged as ProjectManagement Consultant)***

Supply &Works	Revalidation Route Survey including rerouting of RoUin few Villages where housing development activitieshave been taken post Route Survey due to which 6(1)Gazette Publication could not be taken up till date(~14Km). ***(Job awarded to M/s. Theodesh, who has carried outthe Route Survey earlier and work is near completion)*** EPC Contract covering following: **Supply:**Coated Line Pipes, Mainline & AssortedValves, Scraper Traps, Flow Tees, Insulating Joints,Assorted Pipes, Assorted Fittings etc. and MeteringSkids (as per requirement). **Works:** RoU Opening activities, Pipeline laying &associated Works, Pipeline Station & TerminalConstruction Works, Telecom, SCADA, PermanentCathodic Protection and Geotechnical, Hydrological &Topological Survey etc. ***(Mecon Limited is currently preparing the Tenderdocument)***
Service	• Engagement of Revenue Personnel • Construction Vehicles • Transit Camps

- APGDC vide dated: 19.01.2023 floated tender for Supply, Laying and Construction works for **KSPL Phase-2** with a bid submission due date up to: 09.02.2023. As per the Recommendations received from Mecon vide mail date: 02.02.2023, the tender submission due date was extended upto 24.02.2023 Further the tender was extended twice with due dates 10.03.2023 and 20.03.2023respectively. Technical Bid for **KSPL Phase-2** works was opened on 20.03.2023, and received only one Bid from M/s Corrtech International Limited.

D. Project Status Of KSPL as on June 2023:

- APGDC is currently executing 24"/18" via Kakinada-Srikakulam pipeline (KSPL) in 2 Phases (Phase-1: 169 Kms/ Rs. 732 Cr. & Phase-2: 102 Kms/Rs. 695 Cr.).
- In Phase-1, Out of 169 Kms of pipeline, 80 Kms of pipes welded and 75 Kms of Pipeline lowered till date.
- APGDC has achieved a physical progress of 48% and a financial progress of 20% in executing KSPL project (Phase-1).
- Deadline from PNGRB for completion of KSPL is June 2024.
- APGDC is in debt of Rs. 59.61 Cr to Vendors/ Contractors. Pending payment to GAIL is 75 Crs.

N.YUVARAJ
SPECIAL CHIEF SECRETARY TO GOVERNMENT(FAC)

C. Kalyani
SECTION OFFICER